

PROCESSING UNIT

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

25X1

COUNTRY North Korea

REPORT

SUBJECT Kaesong Textile Production Cooperative

DATE DISTR. 29 April 1958

NO. PAGES 1

REFERENCES RD

(description of factories - equipment possessed, manpower, salaries ~~used~~ hours service, production of cloth)

DATE OF INFO.

25X1

PLACE & DATE ACC

25X1

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

report of the Kaesong Textile Production Cooperative as of
September 1956

[Handwritten signature]
L

[Handwritten signature]
Ly/so

[Handwritten mark]

C-O-N-F-I-D-E-N-T-I-A-L

STATE	X	ARMY	X	NAVY	X	AIR	X	FBI		AEC									
(Note: Washington distribution indicated by "X"; Field distribution by "#".)																			

INFORMATION REPORT INFORMATION REPORT

CONFIDENTIAL 25X1

I. DetailsKaesong Textile Production Cooperative, Kaesong-si:
September 1956

1. The Kaesong Textile Production Cooperative, ~~its~~ main office located at BT 850062 (6527-I) in Koryo-dong, Kaesong-si, is subordinate to the Kaesong-si League Committee, Korea Production Cooperative for administrative purposes and is the largest cooperative under the above committee. This cooperative, organized by private investors and operated by the self-accounting system, is rated to be one of the top enterprises in scale. The main office has five (5) factories, numbered from one up to five, under its control, which produce various types of cotton textile and manufacture clothes. This cooperative was allegedly organized by a number of inhabitants of Kaesong-si in 1951, when the Kaesong-si League Committee was created. At the beginning in 1951, it was a small-scaled cooperative, which was later forced out of operation during the Korean War, its actual production starting in 1954 to reach its present capacity at the end of June 1956.
2. The Main Office of the Kaesong Textile Production Cooperative has a total of 76 members and the following functions:
 - Chairman's Office - 1
 - Deputy Chairmen's Office - 3
 - Party Chairman's Office - 2
 - Youth League Chairman's Office - 2
 - Staff Director's Office - 1
 - Medical Dispensary - 3
 - Organizational & Culture Department - 9
 - Production Department - 2
 - Labor Department - 8
 - General Affairs Department - 8
 - Bookkeeping Department - 8
 - Planning Department - 4
 - Engineering Department - 3
 - Technical Department - 3
 - Business Management Department - 8
 - Inspection Department - 6
 - Warehouse Department - 7
3. The No. 1 Factory of the Kaesong Textile Production Cooperative, organized along with the establishment of the cooperative in 1951 and located at BT 847056 (6527-IV) in Namgol-tong, Kaesong-si, has 11 office members divided into a chief, three (3) deputy chiefs, three (3) statisticians, three (3) materials & equipment handling workers, and a process inspector, and about 400 factory workers divided into the following seven (7) workshops:
 - 1) Dyeing Shop: Dyes various types of cotton yarns.
 - 2) Starching Shop: Starches cotton yarns before weaving.

CONFIDENTIAL

-2-

CONFIDENTIAL

- 3) Drying Shop: Dries dyed or starched cotton yarns.
 - 4) Reeling Shop: Winds imported cotton yarns on reels.
 - 5) Winding Shop: Winds reeled cotton yarns from the reeling shop on different reels for unknown purposes.
 - 6) Twisting Shop: Twists two (2) or three (3) yarns on reel coming from the reeling shop.
 - 7) Warp Shop: Arranges warps from reels brought by the twisting and reeling shops.
4. No. 2 Factory, established in 1951 and located at BT 850062 (6527-I) in Koryŏ-dong, Kaesŏng-si, adjoining the main office of the cooperative, is entirely engaged in weaving cotton clothes with about 250 workers divided into several brigades, the organization common to the other factories except the No. 1 Factory. The Factory Office is responsible for the general management of the factory and has such functionaries as a chief, two (2) deputy chief, two (2) statisticians, and two (2) materials & equipment handling workers. The factory consists of the following workshops: the weavers, further divided into hand and mechanical weavers, the former exclusively hired in this factory, woof winders preparing and distributing woof reels, warp setters setting and arranging warps from No. 1 Factory in the loom for weaving, and cutters cutting woven cloths in uniform lengths.
5. The No. 3 Factory, founded around December 1955 and located at 852056 (6527-I) in Koryŏ-dong, Kaesŏng-si, is a cotton cloth weaving factory, the largest under the Kaesŏng Textile Production Cooperative, employing about 300 workers. The Factory Office consists of a chief, two (2) deputy chiefs, two (2) statisticians, and two (2) materials & equipment handling workers, under which the eight (8) workshops of weavers, woof setters, warp setters, cutters, reeling workers, winding workers, twisters, and repairmen.
6. The No. 4 Factory, set up early in 1951 and located at BT 655059 (6527-I) in Koryŏ-dong, Kaesŏng-si, is engaged manufacturing ready-made clothes, employing a total of about 570 workers. The Factory Office has a chief, three (3) deputy chiefs, three (3) statisticians, and three (3) materials & equipment handling workers, under which the following ten (10) workshops are found:
- 1) Cloth layers, laying cloths for cutting.
 - 2) Drawers, drawing lines on cloths for cutting.
 - 3) Cutters, cutting cloths into pieces for sewing.
 - 4) Sorters, sorting out and distributing various parts such as pockets and sleeves for sewing.

CONFIDENTIAL

CONFIDENTIAL

- 5) Sewers, sewing together various parts brought by sorters.
 - 6) Finishers, plucking off thread ends.
 - 7) Hand Button-Hole Makers, making button holes with hands.
 - 8) Mechanical Button-Hole Makers, making button holes with machines.
 - 9) Sewing Helpers, repairing sewing machines.
 - 10) Inspectors, inspecting completed clothes.
8. As of September 1956, the total number of employees under the Kaesong Textile Production Cooperative was accounted to be about 1,800. This is the result of the increase of 200 workers at the end of June 1956, who were then stationed to the No. 2, 3, and 5 Factories. At the time, sections in the main office were redesignated as departments. Among those workers who had been working until September 1956, the following names are remembered by Subject: (Personality descriptions are covered in a separate report.)
- 1) KIM Man-song (NTA); [redacted] Position: Chairman, Kaesong Textile Production Cooperative. 25X1
 - 2) PAK Chong-ch'ang (NTA); [redacted] Position: Vice-Chairman, same cooperative. 25X1
 - 3) PAK Chae-kyu (NTA); [redacted] Position: Vice-Chairman, same cooperative 25X1
 - 4) SIN Kyu-sam (NTA); [redacted] Position: Chairman, Junior Party Committee, same cooperative 25X1
 - 5) YU In-suk (NTA); [redacted] Position: Director, Junior Party Committee, same cooperative. 25X1
 - 6) SONG Han-hyong (NTA); [redacted] Position: Chief, No. 2 Factory, same cooperative. 25X1
 - 7) YI Yong-sil (NTA) (Female); [redacted] Position: Deputy Chief, No. 2 Factory, same cooperative. 25X1
 - 8) O Ch'i-kyong (NTA); [redacted] Position: Chief, Technical Department, same cooperative. 25X1
 - 9) KIM Ch'ang-hwan (NTA); [redacted] Position: Member, Engineering Department, same cooperative. 25X1
 - 10) SONG Yong-ch'an (NTA); [redacted] Position: Laborer, same cooperative.

CONFIDENTIAL

-3-

CONFIDENTIAL

- 11) KIM Ch'ŏn-yŏng (NTA); [redacted] Position: Member, Labor Department, same cooperative. 25X1
- 12) HONG Tu-p'yo (NTA); [redacted] Position: Member, Labor Department, same cooperative. 25X1
- 13) KO Sang-hun (NTA); [redacted] Position: Member, Labor Department, same cooperative. 25X1
- 14) HAN Yang-ho (NTA); [redacted], Position: Chief, Bookkeeping Department, same cooperative. 25X1
- 15) YI Nam-chik (NTA) (Female); [redacted]; Member, Bookkeeping Department, same cooperative. 25X1
- 16) CH'OE Sŏng-pong (NTA); [redacted] Position: Member, Bookkeeping Department, same cooperative. 25X1
- 17) KO Pong-im (NTA) (Female); [redacted] Position: Member, Bookkeeping Department, same cooperative. 25X1
- 18) CH'ŎNG Ch'ang-ok (NTA); [redacted] Position: Member, Organizational & Culture Department, same cooperative. 25X1
- 19) SIN Yong-sik (NTA); [redacted] Position: Member, Organizational & Culture Department, same cooperative. 25X1
- 20) HONG Ch'ŏng-yŏi (NTA); [redacted]; Position: Deputy Chief, No. 4 Factory, same cooperative. 25X1
- 21) YI Hye-chu (NTA) (Female); [redacted] Position: Statistician, No. 4 Factory, same cooperative. 25X1
- 22) KIM Sŏng-chin (NTA); [redacted] Position: Chief, Planning Department, same cooperative. 25X1
- 23) KIM Ch'ang-yu (NTA); [redacted] Position: Member, Planning Department, same cooperative. 25X1
- 24) YUN Ch'ŏng-ton (NTA); [redacted] Position: Member, General Affairs Department, same cooperative. 25X1
- 25) HAN Pok-chi (NTA) (Female); [redacted]; Position: Member, General Affairs Department, same cooperative. 25X1
- 26) PAK Pŏng-kŏn (NTA); [redacted] Position: Member, General Affairs Department, same cooperative. 25X1
- 27) YUN Yŏng-il (NTA); [redacted] Position: Member, Business Management Department, same cooperative. 25X1

CONFIDENTIAL

4

CONFIDENTIAL

- 28) CHŎng Fong-sun (NTA) (Female) [redacted] Position: Chief, Medical Dispensary, same cooperative. 25X1
- 29) MUN Ilwa-chu (NTA) [redacted] Position: Deputy Chief, No. 1 Factory, same cooperative. 25X1
- 30) U Chŏng-ha (NTA) [redacted]; Position: Chief, No. 3 Factory, same cooperative. 25X1
- 31) KIL Chong-min (NTA) [redacted] Deputy Chief, No. 3 Factory, same cooperative. 25X1
- 32) YI Ki-paek (NTA) [redacted] Position: Deputy Chief, No. 3 Factory, same cooperative. 25X1
- 33) KIL Ae-ri (NTA) (Female); [redacted] Position: Statistician, No. 3 Factory, same cooperative. 25X1
- 34) YI Ch'ang-hwan (NTA) [redacted] Position: Chief, No. 5 Factory, same cooperative. 25X1
- 35) WANG Chong-hyon (NTA) [redacted] Position: Chief, No. 4 Factory, same Cooperative. 25X1
- 36) HONG Yng-p'yo (NTA) [redacted] Position: Chief, Organizational & Culture Department, same cooperative. 25X1
- 37) YI Chong-ch'ŏl (NTA) [redacted] Position: Leader, Guard Unit, same cooperative. 25X1
- 38) SIN Pyŏng-sŏp (NTA) [redacted] Statistician, No. 5 Factory, same cooperative. 25X1
- 39) KIL In-in (NTA) (Female) [redacted] Position: Warp setter, No. 3 Factory, same cooperative. 25X1
- 40) SIN Ki-ch'ŏl (NTA) [redacted] Position: Deputy Chief, No. Factory, same cooperative. 25X1
- 41) YIL Myŏng-ch'ŏl (NTA) [redacted] Position: Deputy Chief, No. 1 Factory, same cooperative. 25X1
- 42) HAN Yun-su (NTA) [redacted] Position: Dyer, No. 1 Factory, same cooperative. 25X1
- 43) YI Chŏng-suk (NTA) (Female) [redacted] Position: Weaver, No. 2 Factory, same cooperative. 25X1
- 44) KANG Myŏng-nyŏ (NTA) [redacted] Position: Weaver, No. 2 Factory, same cooperative. 25X1

CONFIDENTIAL

5

CONFIDENTIAL

- 45) PAK Sun-ok (NTA) [redacted] Position: Weaver, No. 2 Factory, same cooperative. 25X1
- 46) KIL Tok-sung (NTA) (Female) [redacted] Position: Cutting Helper, No. 5 Factory, same cooperative. 25X1
- 47) KIL Kyong-hoe (NTA) (Female) [redacted] Position: Cutting Helper, No. 5 Factory, same cooperative. 25X1
- 48) CH'OE Han-sok (NTA) [redacted] Position: Weaver, No. 2 Factory, same cooperative. 25X1
- 49) CH'OE Chi-nan (NTA) (Female) [redacted] Position: Reeler, No. 1 Factory, same cooperative. 25X1
- 50) YI Kyu-nyok (NTA) (Female) [redacted] Position: Rereeler, No. 3 Factory, same cooperative. 25X1
- 51) CHIN Won-suk (NTA) (Female) [redacted] Position: Weaver, No. 3 Factory, same cooperative. 25X1
- 52) KIL Pong-nyok (NTA) (Female) [redacted] Position: Rereeler, No. 3 Factory, same cooperative. 25X1
- 53) KIM Pong-sun (NTA) (Female) [redacted] Position: Weaver, No. 2 Factory, same cooperative. 25X1
- 54) HYON T'ae-sun (NTA) (Female) [redacted] Position: Cutter, No. 5 Factory, same cooperative. 25X1
- 55) H'ANG Hye-suk (NTA) (Female) [redacted] Position: Weaver, No. 4 Factory, same cooperative. 25X1
- 56) CH'ON Ki-hwang (NTA); [redacted] Position: Member, Organizational & Culture Department, same cooperative. 25X1

9. Machines and equipment installed in the five factories under the Kaesong Textile Production Cooperative as of September 1956 are as follows:

1) No. 1 Factory:

Pots, dyeing, Japanese	3 Units
Reeling machine, Japanese, 100 spins	2 "
Winding machine, Japanese	3 "
Twisting machine, Japanese	3 "
Warp winders, Japanese	8 "
Motors, Japanese, 50cm in diameters	2 "

(NOTE: A reeling machine and a twisting machine are combined to make a unit as a whole.)

CONFIDENTIAL

-6-

CONFIDENTIAL

2) No. 2 Factory

Hand weaving machines, Japanese	100 Units
Woof winders, improvised	20 "

(NOTE: It is said that the woof winders are improvised from bicycle rims.)

3) No. 3 Factory:

Weaving machine, Japanese ("Toyoda" Brand)	15 Units
Reeling machine, Japanese	2 "
Winding machine, Japanese	2 "
Twisting machine, Japanese	2 "
Woof winders, Czechoslovakian	2 "
Motors, Japanese	1 "

(NOTE: The above two woof winders are powered by electricity, which were imported from Czechoslovakia around December 1955.)

4) No. 4 Factory:

Hand weaving machine, Japanese	70 Units
Woof winders, improvised	10 "

(NOTE: The above woof winders are improvised from bicycle rims.)

5) No. 5 Factory:

Electric sewing machine, Soviet	10 Units
Sewing machine, of various brands	140 "
Electric cutters, Soviet	2 "
Buttonhole sewing machine, Soviet	2 "

(NOTE: Some of the above sewing machines are of U.S. made, while most of others are of Japanese made.)

10. Production quotas for each of the above factories and each of their employees under the Kaesong Textile Production Cooperative are unknown. However, it was definitely learned from a report given at a meeting that cotton cloths had been produced by the cooperative 1,700,000 meters against the quota of 2,000,000 meters during the first quarter of 1956. According to hearsay, the total assets of the Kaesong Textile Production Cooperative, the fixed and circulating assets put together, amount to about 40,000,000 Won. Moreover, statistics released by the Korea Production Cooperative Central League Committee reported that its revolving funds were as much as 6,000,000 Won in a period of 50 days. This cooperative chiefly produces white cotton cloths, some of which are dyed in various colors such as black, blue, navy blue, and light green. From 1955, it became more common to dye woven cloths in multi-colors rather than in a single color. About a 60 percent of the total products of the cooperative

CONFIDENTIAL

-7-

CONFIDENTIAL

is used by its subordinate factories in manufacturing ready-made goods. Materials and equipment needed for weaving cotton cloths have been imported from the Soviet Union, Czechoslovakia, and mainly China, whose cotton yarns are leading far ahead of other items. It is a well-known fact that cotton yarns are imported through the Ministry of Commerce, though their prices and quantities unknown. As a rule, the Kaesong Textile Production Cooperative has been purchasing required cotton yarns from the Central League Committee of the Korea Production Cooperative. It is also regulated that all products of the cooperative should be sold to provincial wholesale bazaars (wholesale agencies) under the control of the Ministry of Commerce, chiefly to Hamgyong-do, P'yongan-bukto, P'yongan-namdo, and Chagang-do.

11. In selling its products, the Kaesong Textile Production Cooperative must conclude a contract for each sale with the buyer, usually a provincial wholesale bazaar, at the beginning of each quarter or year. The contract should be verified by and registered at a provincial intermediary agency with the judicial right, which may be selected upon an agreement between the seller and the buyer. In selecting an intermediary agency, it is common that, when a seller and a buyer are located far away from each other, for example, the seller in Kaesong-si and the buyer in P'yongan-bukto, an intermediary located in a province between the two areas, i.e., the Hwanghae-bukto or P'yongan-namdo Intermediary Agency may be chosen. Any contract for sale takes one of the following six (6) types of delivery:

- 1) Delivery on Rail by Seller to Buyer's Place: In this, the seller is entirely responsible for transporting contract goods to the place designated by the buyer.
- 2) Delivery on Rail: This is a contract, in which the seller delivers contract goods to the railroad loading point.
- 3) Delivery at Warehouse of Seller: Contract goods are delivered at the designated warehouse of the seller when the buyer brings trucks or any other type of transportation there.
- 4) Delivery on Trucks in Seller's Place: The buyer brings trucks to the designated warehouse of the seller, where the latter is responsible for loading contract goods on the trucks.
- 5) Delivery on Pier: The seller transport contract goods to the pier designated by the buyer.
- 6) Delivery at Storage Area: In this, the buyer receives contract goods at the open storage area designated by the seller.

The above six delivery methods are designed to prevent confusions and competition for earlier delivery on the part of buyers, when the production of contract goods fails to meet the plan. In a contract form, there are clearly stated quantities of items and dates of delivery.

CONFIDENTIAL

-8-

CONFIDENTIAL

12. When a sale contract is violated by either party, in most cases, the seller, as far as the Kaesŏng Textile Production Cooperative is concerned, as a result of failing to meet the production plan, a penalty, usually a ten (10) percent of the total contract amount, will be paid by the violator to the other party. For instance, when a seller fails to deliver contract goods totaling 300,000 Won within the designated date, he will have to pay a penalty of 30,000 Won to the buyer. If, furthermore, the violator neglects or fails to pay the penalty in such a case, the buyer may bring the case to the concerned provincial intermediary agency for settlement, which is vested with the judicial power. However, no penalty, in most cases, is paid as a result of understanding between the buyer and seller.
13. Most production cooperatives take into account the following factors in determining the cost price of an item:
 - 1) Cost of materials needed for producing an item.
 - 2) Cost auxiliary materials, such as accessories and lubricants, needed for producing an item.
 - 3) Cost of fuel consumed for producing an item.
 - 4) Fee for electricity consumed.
 - 5) Amount of the redemption fund required for covering up the wearing of equipment and machines used.
 - 6) Expenses for administrative and management purposes during production.
 - 7) Amount of the cultural and educational fund spent within a cooperative.
 - 8) Amount of the reciprocal health insurance fund for medical treatment of ailing employees.
 - 9) Amount of the bonus fund for employees.
 - 10) Amount of the food balance fund required for covering up differences between the actual prices of grains purchased from national farm products stores and their distributing prices fixed by the government for employees.
 - 11) Amount of the common saving fund.
 - 12) Amount of the central reserve fund to be saved in the bank account of the Korea Production Cooperative Central League Committee for possible loans to its subordinate cooperatives.

Further details on accounting the above costs, expenses, and saving amounts for the various funds are unknown.

CONFIDENTIAL

-9-

CONFIDENTIAL

14. Necessary factory accessories and equipment are purchased on a contract with the government. Because of the limited cash appropriation, the Kaesong Textile Production Cooperative is unable to freely purchase any item needed for its factories.
15. The operation of factories under the Kaesong Textile Production Cooperative has been in a good condition, though occasionally interrupted because of delay in replacing worn-out accessories or of short power supply, which is very rare. Even in such a case, employees have to work on holidays in order to cover up the loss.
16. As prescribed by the Labor Regulations, every employee under the Kaesong Textile Production Cooperative works eight (8) hours a day in the following two (2) ways:
 - 1) First, the main office, No. 2 and 4 Factories of the cooperative are operated eight (8) hours on a single shift from 0800 to 1700 hours with lunch break from 1200 to 1300 hours.
 - 2) Second, the No. 1, 3, and 5 Factories are operated on three (3) shifts a day, the first from 0800 to 1600 hours, the second from 1600 to 2400 hours, and the third from 2400 to 0800 hours, each with ten (10) minutes meal break.
17. All employees under the Kaesong Textile Production Cooperative receive no commodity distribution but their salaries, grain rations, and profit dividends. Particularly, the amount of each profit share among cooperatives varies with the amount of net profit earned by each cooperative during a quarter. Taking an example of the Kaesong Textile Production Cooperative noted for its better treatments for employees, the following facts were observed during the first quarter of 1956:
 - 1) Grain Rations: The same amount of grains at the same prices as government officials was rationed. For instance, Subject, as a clerical worker, received 900 grams of grain daily, a half of which was not rice. Grain rations for dependents were also the same as for those of government officials, i.e., 300 grams for ordinary dependents, 500 grams for senior middle school students, and 400 grams for lower school students. To ration grains among its employees, each cooperative had to purchase grains from national farm products stores at prices higher than its rationing prices.
 - 2) Salaries: Each factory under the cooperative employs the contract system in paying wages. However, few laborers and most clerical workers are excluded from the system because of the nature of their work, thereby making less income than factory workers under the contract system. The salary earners, compared with government officials, still receive better pay

25X1

CONFIDENTIAL

CONFIDENTIAL

To be noted here, employees of any cooperative with the same job-title are paid the same amount since the pay schedule and the contract system in force are all controlled by the Central League Committee, Korea Production Cooperative.

- 3) Profit Dividends: Every cooperative pays its profit dividends in proportion to the exerted work amount at the end of each quarter. In the first quarter of 1956, the highest profit dividends among various cooperatives under the Kaesŏng-si League Committee were paid by the Kaesŏng Textile Production Cooperative. The profit dividend paid to each employee for the period equaled to his total income during the period, for instance, a profit share of 5,000 Won for an employee earning the same amount during period, thus making a total income of 10,000 Won for the period.
-

25X1